

The Company Secretary
National Grid Gas Plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA



*Promoting choice and
value for all customers*

Direction issued to National Grid Gas Plc by the Gas and Electricity Markets Authority pursuant to paragraph 10 of Special Condition C8D of the gas transporter licence in respect of the NTS.

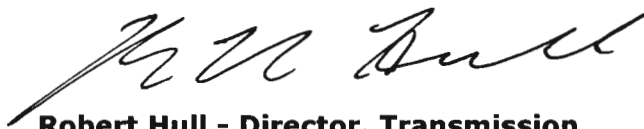
1. This Direction is issued by the Gas and Electricity Markets Authority (the "Authority") under paragraph 10 of Special Condition C8D of the gas transporter licence in respect of the NTS (the "Licence") treated as granted under section 7 of the Gas Act 1986 (the "Act") to National Grid Gas Plc (the "Licensee").
2. Paragraph 10(a)(i)(aa) and (bb) of Special Condition C8D of the Licence provides that the Licensee shall, by no later than 7 days after the date on which the Authority issues a decision giving effect to the licence condition, or such later date as the Authority may otherwise direct in writing:
 - (aa) prepare an entry capacity substitution methodology, in such manner that is necessary to facilitate the achievement of the entry capacity substitution objectives (as set out in paragraph 10(c) of the condition), which the Licensee shall apply for the purposes of fulfilling its obligations in respect of entry capacity substitution; and
 - (bb) submit to the Authority for its approval a statement setting out the methodology prepared in accordance with paragraph 10(a)(i)(aa) of the condition (the "entry capacity substitution methodology statement").
3. Paragraph 10(a)(ii) of Special Condition C8D of the Licence provides that the Licensee shall use reasonable endeavours to have in force, by no later than 14 days after the date on which the Authority issues a decision giving effect to

the licence condition, or such later date as the Authority may otherwise direct in writing, an approved entry capacity substitution methodology statement.

4. Paragraph 10(b) of Special Condition C8D of the Licence provides that the Licensee shall, unless and insofar as the Authority may otherwise direct from time to time in writing, use reasonable endeavours to substitute entry capacity in accordance with the approved entry capacity substitution methodology statement prepared pursuant to paragraph 10(a) of the condition, as may be modified from time to time in accordance with paragraph 10(e) of this condition.
5. The Authority hereby directs under paragraph 10(a)(i) and (ii) of Special Condition C8D of the Licence as follows:
 - (i) that a later date of 19 May 2008 shall apply for the purposes of paragraph 10(a)(i)(aa) and (bb) of Special Condition C8D of the Licence; and
 - (j) that a later date of 2 June 2008 shall apply for the purposes of paragraph 10(a)(ii) of Special Condition C8D of the Licence.
6. The Authority hereby directs under paragraph 10(b) of Special Condition C8D of the Licence that the Licensee is relieved from its obligation under paragraph 10(b) of Special Condition C8D of the Licence to use reasonable endeavours to substitute entry capacity in accordance with the approved entry capacity substitution methodology statement prepared pursuant to paragraph 10(a) of this condition until such time as the obligations set out in paragraph 5 of this Direction come into effect.
7. This Direction shall take effect on and from 5 September 2007.

Dated: 5 September 2007

Signed on behalf of the Authority by

A handwritten signature in black ink, appearing to read 'Robert Hull', is written over a horizontal line.

Robert Hull - Director, Transmission

Authorised for that purpose by the Authority